



Greater Minnesota Housing Fund

Program Guide

Background:

The Greater Minnesota Housing Fund (GMHF) is a private, nonprofit organization whose mission is to support the creation of affordable housing for working families in areas of economic vitality throughout Greater Minnesota. GMHF was founded and capitalized by The McKnight Foundation and Blandin Foundation in 1996. GMHF assists households with incomes at 80% or less of the statewide median income and provides financial and technical assistance to communities throughout Greater Minnesota (defined as the 80 counties outside the Twin Cities metropolitan area).

GMHF advances efforts to create and retain affordable housing throughout Greater Minnesota by funding housing projects; assisting individual homebuyers through local organizations; providing technical support to local communities and businesses; linking projects with financial resources; offering creative approaches to securing additional resources for affordable housing; and using research and program development activities to identify new and innovative ways of increasing affordable housing production. GMHF staff works with a variety of state, regional and local partners to address the unmet housing needs in Greater Minnesota.

Funding Programs:

GMHF provides funds to support the development of affordable rental housing through two funding programs: **Multifamily Housing** and **Supportive Housing**. GMHF has been providing funding through its Multifamily Housing Program since 1996. Funds are used to support development, preservation and rehabilitation of affordable rental and supportive housing units for low- and moderate-income families.

Special Initiative: Minnesota Green Communities:

Demonstration Projects: In 2008, GMHF will select two or more exemplary green projects (rental or homeownership) in greater Minnesota for special grant funding through the Minnesota Green Communities program. See www.mngreencommunities.org for more information.

Utility Matching Funds: Through the Minnesota Green Communities program, Greater Minnesota Housing Fund will provide 1:1 match to committed capital funding (including rebates) from utility providers to install energy-efficiency upgrades. This funding will be provided in addition to Minnesota Green Communities grant funding for selected demonstration projects and/or traditional gap financing offered through the housing funds. All RFP applicants are strongly encouraged to contact their electric and natural gas providers to inquire about local resources available through the utilities' Conservation Improvement Program (CIP).

Types of Funding Available:

GMHF makes the following types of financing available through its affordable rental housing programs:

- Zero- or low-interest secondary (gap) financing. The GMHF loan is co-terminus with the first mortgage on the property. Principal and interest repayment is deferred for the term of the loan.
- Below market-rate tax-credit bridge financing. The construction loan is repaid upon closing of the permanent financing.

Eligible Projects:

The following projects are eligible for funding under the **Multifamily Housing Program**:

- New construction, preservation and rehabilitation projects.
- Priority will be given to permanent housing designed for families with children.

The following projects are eligible for funding under the **Supportive Housing Program**:

- New construction or rehabilitation of existing structures.
- Permanent supportive housing. Transitional units within a permanent supportive project may be eligible for funding. Emergency shelters will not be considered for funding. (Supportive housing program funds are only available to fund development costs. Funding for services must be provided by other sources.)
- Supportive housing for families with children will be prioritized; however, projects serving individuals will also be considered for funding.

Eligible Applicants:

Non-profit and for-profit developers and local government agencies.

Minimum Project Requirements:

- Assisted units must be restricted to households with a **gross household income** that does not exceed 80% of the statewide median income, adjusted for family size. For rehab and preservation projects, priority is given to projects serving households at 50% or less of statewide median income. For the Supportive Housing program, priority will be given to projects serving households at 60% or less of statewide median income.
- **Community** must have a demonstrated need for affordable rental housing or supportive housing, documented through a recent housing needs assessment or a market study.
- **Leveraging of additional funds** from other agencies such as local governments, state agencies, local businesses, local lenders or other funding agencies.
- **Local participation** from organizations such as local governments, businesses and/or lenders through financial contributions or in-kind assistance is required under the Multifamily Housing program. Although it is not required for the Supportive Housing program, projects with local participation will receive positive consideration.
- Project must support the local community's **comprehensive plan** and be consistent with the region's **RHAG guidelines**.
- Project must demonstrate **sound financial structuring** according to established underwriting criteria.
- **Design** of project must be attractive, functional, cost-effective, complementary to existing neighborhood design, energy-efficient and able to maintain value over the life of the funding commitment and beyond.
- The **development team** must possess the expertise and technical capacity sufficient to complete the project in compliance of all codes and requirements of all funders, including GMHF.
- All **other sources of funding** must be committed prior to GMHF approval of funding. For Supportive Housing projects, operational and service provision funding must be committed before approval of GMHF funding.

Additional Project Selection Priorities:

In addition to meeting the minimum eligibility requirements, projects will be awarded priority points based upon demonstration of the following:

- Projects that meet the Minnesota Green Communities criteria, regardless of selection as a demonstration project, will receive priority gap funding from GMHF.
- Employer involvement ranging from planning (low priority) to in-kind assistance (medium priority) to cash assistance (high priority).
- Reduced fees for developer.
- Mixed income development, offering units for a variety of incomes. (However, GMHF will only fund that portion of the project that is affordable to the target population.)
- Project site located near neighborhood amenities, e.g. schools, parks, libraries and retail.
- Integration of the new rental development with the surrounding area.
- Provision of employment, educational and/or training programming as part of supportive housing services.
- Use of innovative building techniques that reduce costs or improve livability.
- Rental units constructed with materials that lower energy and maintenance costs.
- Inclusion of common public space to promote resident interaction.

Funding Cycles:

Applications for affordable rental housing are accepted twice a year through Minnesota Housing's Fall **Super RFP** process. The Super RFP allows applicants to submit one request to multiple funders, including Minnesota Housing, GMHF, and other partners.

Contact Information:

To apply for GMHF funding under the Multifamily Housing or Supportive Housing Programs, contact Minnesota Housing for the current Super RFP application.

To learn more about GMHF programs, contact us at 651.221.1997 or 800. 277.2258 or at gmhf@gmhf.com. Website: www.gmhf.com